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Sub-Commission on Prevention of
Discrimination and Protection
of Minorities
Forty-third session
Item 5 (a) of the provisional agenda

ELIMINATION OF RACIAL DISCRIMINATION

MEASURES TO COMBAT RACISM AND RACIAL DISCRIMINATION
AND THE ROLE OF THE SUB-COMMISSION

Overview of current trends of racism, discrimination, intolerance and xenophobia against vulnerable groups in the world

Note of the Secretary-General

1. At its forty-second session, the Sub-Commission on Prevention of Discrimination and Protection of Minorities adopted resolution 1990/2 in which it expressed its deep concern regarding signs of an upsurge of racism, with accompanying manifestations of prejudice, discrimination, intolerance and xenophobia in many parts of the world directed against ethnic, national, religious and linguistic minorities, indigenous peoples, migrant workers and other vulnerable groups.

2. By paragraph 4 of this resolution, the Sub-Commission requested the Secretary-General to prepare, on the basis of replies obtained from Governments, specialized agencies and other intergovernmental organizations as well as from non-governmental organizations, an overview of current trends of racism, discrimination, intolerance and xenophobia affecting the above-mentioned groups, as well as of measures taken by Governments against those phenomena and the effects of such measures and to submit the overview for consideration by the Sub-Commission at its forty-third session.

GE.91-12145/6313a

3. In compliance with the resolution of the Sub-Commission, a request was addressed on 28 February 1991 to all Governments, specialized agencies, regional intergovernmental and non-governmental organizations, inviting comments and relevant information that might be taken into account in the preparation of the report to the Sub-Commission.

4. At the time of writing of the present report, the number of replies received (from three Governments, three intergovernmental organizations and one non-governmental organization) did not permit the overview called for by the resolution to be prepared.

5. Under the circumstances, the Sub-Commission may wish to consider deferring consideration of the overview until its forty-fourth session, at which time additional information would hopefully have been secured which would permit the overview to be prepared.

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Sub-Commission on Prevention of
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Item 5 (b) of the provisional agenda

ELIMINATION OF RACIAL DISCRIMINATION

ADVERSE CONSEQUENCES FOR THE ENJOYMENT OF HUMAN RIGHTS OF POLITICAL, MILITARY, ECONOMIC AND OTHER FORMS OF ASSISTANCE GIVEN TO THE RACIST AND COLONIALIST REGIME OF SOUTH AFRICA

Updated report prepared by
Mr. Ahmad M. Khalifa, Special Rapporteur

GE.91-12458/3460B

CONTENTS

Chapter		Paragraphs	Page
I.	BACKGROUND	1 - 13	1
II.	DISINVESTMENT TRENDS IN SOUTH AFRICA	14 - 29	4
	A. Disinvestments and the state of the national economy	14 - 16	4
	B. Current trends in disinvestment	17 - 19	5
	C. Mechanics of disinvestment	20 - 27	6
	1. Total shut-down of operations: sales and representative offices and subsidiaries	21	6
	2. Reduction of direct investment	22	7
	3. Sale of an ongoing operation	23 - 27	7
	4. Non-equity links	28 - 29	9
III.	SOUTH AFRICAN ECONOMY: SANCTIONS AND REACTIONS	30 - 62	10
	A. Structural weaknesses of the apartheid economy	30 - 38	10
	B. Measures undertaken by the Government of South Africa to counter sanctions	39 - 53	12
	1. Debt moratorium and rescheduling	39 - 44	12
	2. Dual exchange rate system	45 - 46	13
	3. Circumventing trade sanctions and obligatory counter-purchase	47 - 48	13
	4. Structural adjustment	49 - 53	14
	C. Shortcomings in the measures adopted by foreign Governments	54 - 62	15

CONTENTS (continued)

Chapter		Paragraphs	Page
IV.	SOURCES USED FOR THE REPORT	63 - 64	18
V.	COMMENTS RECEIVED BY THE SPECIAL RAPPORTEUR	65 - 74	19
	A. Comments received from Governments	66	19
	B. Comments received from United Nations organs and specialized agencies	67 - 73	22
	C. Other replies	74	23
VI.	STRUCTURE AND CONTENTS OF THE UPDATED LIST	75 - 79	24
	A. Guide to the updated comprehensive list	74 - 78	24
	B. List of symbols and abbreviations	80	24

I. BACKGROUND

1. In its resolution 3 (XXVI) of 19 September 1973, the Sub-Commission on Prevention of Discrimination and Protection of Minorities recommended that the Commission on Human Rights direct the Sub-Commission to appoint a Special Rapporteur to evaluate the adverse consequences for the enjoyment of human rights of assistance, in particular through investment of foreign capital and military aid, given to the racist regimes in southern Africa. Pursuant to the endorsement of that resolution by the Commission on Human Rights and the Economic and Social Council, the Sub-Commission, by its resolution 2 (XXVII) of 16 August 1974, appointed Mr. Ahmad M. Khalifa as Special Rapporteur for the preparation of a study of the subject. That study (E/CN.4/Sub.2/383) 1/ was submitted by Mr. Khalifa to the Sub-Commission at its thirtieth session, and was further considered by the Commission on Human Rights at its thirty-fourth session and by the General Assembly at its thirty-third session.

2. In its resolution 1 (XXX) of 26 August 1977, the Sub-Commission, having considered the report of Mr. Khalifa, invited the Special Rapporteur, as requested by the Commission on Human Rights, to prepare the necessary material for a provisional general list identifying those whose activities constituted assistance to the colonial and racist regimes in southern Africa.

3. The report prepared by Mr. Khalifa pursuant to that request (E/CN.4/425 and Corr.1-3 and Add.1-7) contained a provisional general list of banks, firms and other organizations which give assistance to the colonial and racist regimes in southern Africa as well as comments received by the Special Rapporteur from Governments on the subject.

4. By its resolution 2 (XXXIII) of 2 September 1980, the Sub-Commission, in accordance with Commission on Human Rights resolution 11 (XXXVI) of 26 February 1980, endorsed by the Economic and Social Council in its decision 1980/131 of 2 May 1980, decided to mandate the Special Rapporteur to continue to update the list annually and to submit the updated report through the Sub-Commission to the Commission. That decision was welcomed by the Commission in its resolution 8 (XXXVII) of 23 February 1981, and endorsed by the Economic and Social Council in its decision 1981/141 of 8 May 1981.

5. The General Assembly, at its thirty-fifth, thirty-seventh, thirty-ninth, forty-first, forty-third and forty-fifth sessions (resolutions 35/32 of 14 November 1980, 37/39 of 3 December 1982, 39/15 of 23 November 1984, 41/95 of 4 December 1986, 43/92 of 8 December 1988 and 45/84 of 14 December 1990) and the Commission on Human Rights at its thirty-seventh to forty-seventh sessions (resolutions 8 (XXXVII) of 23 February 1981, 1982/12 of 25 February 1982, 1983/11 of 18 February 1983, 1984/6 of 28 February 1984, 1985/9 of 26 February 1985, 1986/6 of 28 February 1986, 1987/10 of 26 February 1987, 1988/12 of 29 February 1988, 1989/6 of 23 February 1989, 1990/23 of 27 February 1990 and 1991/17 of 1 March 1991) mandated the Special Rapporteur to update his report, subject to annual review.

1/ Subsequently revised (E/CN.4/Sub.2/383/Rev.2) and issued as a United Nations publication (Sales No. E.79.XIV.3).

6. On the basis of these resolutions and decisions, the Special Rapporteur submitted the following reports:

E/CN.4/Sub.2/1982/10;
E/CN.4/Sub.2/1983/6 and Add.1-2;
E/CN.4/Sub.2/1984/8 and Add.1-2;
E/CN.4/Sub.2/1985/8 and Add.1-2;
E/CN.4/Sub.2/1987/8/Rev.1 and Add.1, parts I and II;
E/CN.4/Sub.2/1988/6 and Add.1;
E/CN.4/Sub.2/1989/9 and Corr.1 and Add.1;
E/CN.4/Sub.2/1990/13 and Add.1.

7. In its resolution 45/84 of 14 December 1990, the General Assembly, inter alia, expressed its appreciation to the Special Rapporteur for his updated report (E/CN.4/Sub.2/1990/13 and Add.1) and invited him:

"(a) To continue to update, subject to annual review, the list of banks, transnational corporations and other organizations assisting the racist and colonialist regime of South Africa, giving such details regarding enterprises listed as the Rapporteur may consider necessary and appropriate, including explanations of responses, if any, and to submit the updated report to the General Assembly at its forty-seventh session;

"(b) To use all available material from other United Nations organs, Member States, specialized agencies and other relevant sources in order to indicate the volume, nature and adverse human consequences of the assistance given to the racist regime of South Africa;

"(c) To intensify direct contacts with the United Nations Centre on Transnational Corporations and the Centre against Apartheid of the Secretariat, with a view to consolidating mutual cooperation in updating the report."

8. In addition, the General Assembly called upon all Governments to cooperate with the Special Rapporteur in making the report more accurate and informative. Therefore, the Special Rapporteur decided to include, in conformity with the General Assembly's earlier request contained in resolution 43/92 of 8 December 1988 "to include in his updated report a list of partial disinvestment of foreign enterprises from South Africa", information on that particular aspect received from pertinent sources. 1/

9. The Economic and Social Council, during its first regular session of 1990, adopted resolution 1990/34 of 25 May 1990. The Council, in paragraph 8 of that resolution, requested the Secretary-General to bring the updated report of the Special Rapporteur (document E/CN.4/Sub.2/1990/13 and Add.1) to the attention of Governments whose financial institutions continued to deal with the regime of South Africa and to call upon them to provide the Special Rapporteur with any information or comments they might wish to make.

1/ The list will appear as Addendum 1 to the present document.

10. On 21 November 1990, the Secretary-General sent a note verbale containing the Special Rapporteur's updated report to Governments of Australia, Austria, Belgium, Denmark, France, Germany, Greece, Israel, Italy, Japan, Luxembourg, Netherlands, Norway, Portugal, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland and United States of America.

11. At its forty-seventh session, the Commission on Human Rights adopted resolution 1991/17 of 1 March 1991 in which it took note with appreciation of the updated report by the Special Rapporteur. The Commission noted with appreciation that some Western States, parliamentarians, institutions, trade unions and non-governmental organizations had taken important measures in order to exert pressure on the racist regime of South Africa. It also expressed satisfaction at the disinvestment, trade restrictions and other positive measures taken by some countries and transnational corporations and urged them to continue in that direction. However, the Commission also expressed concern that certain States were taking advantage of the disinvestment measures and trade restrictions imposed by some States on South Africa to increase their own trade relations with the region.

12. Following the recommendations of the Sub-Commission on Prevention of Discrimination and Protection of Minorities (resolution 1990/3 of 20 August 1990) and the Commission on Human Rights (resolution 1991/17), the Economic and Social Council adopted resolution 1991/26 in which it endorsed the recommendations of the Sub-Commission and Commission and invited the Sub-Commission to consider the revised report of the Special Rapporteur at its forty-third session. The report should further be made available for consideration by the Commission at its forty-eighth session.

13. In accordance with the cited resolutions, the Special Rapporteur continued his contacts with the United Nations Centre on Transnational Corporations and the Centre against Apartheid. In 1991, he visited those two Centres and had a useful exchange of views with the staff.

II. DISINVESTMENT TRENDS IN SOUTH AFRICA*

A. Disinvestments and the state of the national economy

14. Since 1984, a number of large transnational corporations (TNCs) have sold their South African subsidiaries or affiliates or announced their intention of doing so. There is evidence, however, that several of the disinvesting companies maintain non-equity ties with the host country, thus defeating the very purpose of the idea of disinvestment action. Non-equity ties are established in three ways: first, through the licensing of production to another company based in South Africa or in a third country; secondly, through the licensing of production to a company that has been newly created; thirdly, through the licensing of production to a specially created trust. This type of arrangement enables the departing firm to continue its presence indirectly in the host country and ensure continuity in the transfer of technology.

15. It has been claimed that by mid-1988 some 46 per cent of the foreign subsidiaries operating in South Africa had been disinvested. There has been a sudden surge of some foreign companies to disinvest, but to what extent are they actually cutting their economic links with South Africa when withdrawing their direct operations or selling their South African assets? This problem has received only scant attention in the documentation on the subject.

16. It may be recalled at this stage that a number of developments, both internal and external, roughly coincided with the period of the 1980s when the debate on disinvestment from South Africa assumed considerable international importance. First, the overall investment rate (capital formation) of the economy showed a marked decline, from 26.4 per cent in 1980 to 19.5 per cent in 1987. The stagnant economic growth and sometimes negative growth rates of the South African economy recorded in 1982, 1983 and 1985 were mainly a reflection of this slow but steady deceleration in its overall investment ratio. Secondly, the fluctuating price of gold introduced a certain amount of instability in the country's external resources, which compelled recourse to exchange controls and other restrictive measures. Thirdly, a variety of internal developments, constituting an altogether different set of destabilizing factors, such as repeated states of emergency, media restrictions, mass detention, industrial action by workers, bannings, political trials, etc., produced a climate not conducive to business confidence. Recent studies on the South African economy conclude that, at the current annual population growth of 2.3 per cent (black population growth is 2.8 per cent), it is necessary for the economy to grow at a minimum of 5 per cent per annum to avoid further intensification of unemployment which, according to unofficial estimates, stands at as high as 6 million. Thus, as a consequence of declining finances, the volatility of gold-based

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* The present chapter relies mainly on documents E/1989/17, E/C.10/1989/7, E/C.10/1989/8, E/C.10/1989/9, E/C.10/1988/7 submitted to the Commission on Transnational Corporations, and on the report prepared by Beate Klein, entitled "Transnational corporate disinvestment from Africa: Selective disengagement" (United Nations Centre against Apartheid, Notes and documents - 13/88, August 1988).

export earnings, an annual inflation rate of about 15 per cent, repayment obligations of a debt of $US 27.5 billion, domestic budgetary management difficulties and "the rocky state of world markets" for trade and finance, the South African economy, if not heading for a breakdown, has been showing symptoms of fatigue.

B. Current trends in disinvestment

17. In a revised report (E/1989/17) of the United Nations Centre on Transnational Corporations in South Africa/Namibia, information on the current status of TNCs for 20 countries is provided under the following heads: (a) TNCs which have disposed of their equity interests in South Africa/Namibia; (b) TNCs with interests in companies (more than 10 per cent of equity ownership) in South Africa; (c) TNCs with interests in companies (10 per cent equity ownership) in Namibia; (d) TNCs in the process of disposing of their equity interests in South Africa/Namibia. This list was compiled and amended through use of all available sources of information such as annual reports, company directories, business and trade directories, specialized publications, magazines, etc., as well as through verification by the corporations concerned. However, it should be remembered that the eligibility criterion of 10 per cent equity ownership disqualifies many firms from inclusion in this list.

18. Of the 1,226 transnational corporations identified as operating through subsidiaries or affiliates in South Africa, 563 disposed of their equity interests between 1984 and 1988, that is, 46 per cent of the total number of TNCs in South Africa. Today, TNCs with equity interests in South Africa/Namibia account for slightly over 50 per cent. Some 31, or 2.5 per cent of the TNCs have reduced their equity interests in companies, and 16, or 1.3 per cent, of them are in the process of disposing of their equity interests. Among the major countries, the United States has disinvested almost 62 per cent, the United Kingdom 31 per cent and the Federal Republic of Germany about 22 per cent. Canada has pulled out 31 out of 39 companies, or 80 per cent, Australia 70 per cent, Sweden 59 per cent, Netherlands 45 per cent, France 42 per cent and Switzerland 14 per cent. Finland, Ireland and Norway withdrew their investments in toto, although their presence in South Africa was relatively small. On the other hand, Portugal, Spain and Luxembourg, each having only one company in South Africa, have not disinvested at all. The statistical account of disinvestments is impressive, but central to the debate over disinvestment is the extent and nature of non-equity relations that a foreign corporation retains after it has sold its equity position in a South African subsidiary or affiliate.

19. It should be pointed out here that restrictions on direct investments in South Africa through laws and decrees are the most common economic measures taken by Governments in the area of direct equity investments. A typical feature of most of these laws is that they permit existing levels of investment, but prohibit further investment through the new infusion or transfer of capital, or expansion of activities. The Nordic countries as far back as 1978 had enacted relevant legislation which has since been superseded by more advanced measures that they implemented subsequently. For example, Sweden's ban on new investments went into effect on 1 July 1985. It defined new investments in a fairly rigorous manner by including leasing of capital equipment, but allowing exceptions for new investments in "training, health

and other social sectors" connected with humanitarian activities. That was the policy adopted by the EEC Council of Ministers in October 1986, which took the decision to suspend new direct investments in South Africa, but allowed exceptions for activities involving the interests of the victims of apartheid. In the United States, section 5060 of the Anti-Apartheid Act of 1986 bans new investment, contribution of funds and loans or other extension of credit, but does not cover reinvestment of profits. Similarly, the Governments of Australia, Austria, Ireland, Luxembourg, France and Spain have enacted laws banning new investments in South Africa. However, the restrictions on the flow of direct foreign investment to South Africa through legislative measures do not imply outright disinvestment, although they have serious implications for South Africa's future economic growth. Side by side with such limitations of the restrictions on new investment imposed through legislative enactments, disinvestment actions by TNCs have in many cases been followed by licensing or other forms of surreptitious contractual agreements with their former subsidiaries that allow for the transfer of technology, which is so vital to South African industries. Some of the issues relating to licensing and non-equity participation by TNCs are discussed in the subsequent paragraphs.

C. Mechanics of disinvestment

20. Investment withdrawals take several forms, but for present purposes they can be broadly distinguished into three categories: first, total shut-down of operations, including sales and representative offices and subsidiaries; secondly, reduction of direct investment, i.e. partial sales and dilution; thirdly, sale of an ongoing operation to third party, local management and trust. Licensing agreements have been used in all these modes of withdrawal and constitute key components of all except the first option. The three methods of investment withdrawal are briefly examined below with reference to particular instances of disinvestment in order to ascertain to what extent economic links with South Africa are continuing through other arrangements by the departing companies.

1. Total shut-down of operations: sales and representative offices and subsidiaries

21. Since 1984, 32 TNCs have employed this method of withdrawal, which constitutes 9 per cent of the total disinvestment identified from available information. Among the firms that have chosen to disinvest in this way, 29 were from the United States, one from the United Kingdom and two from the Federal Republic of Germany. The Dresdner Bank of the Federal Republic of Germany and the Chase Manhattan Bank of the United States were the two prominent transnational banks that closed their representative offices in South Africa. However, the most widely publicized shut-down occurred in 1987, when the Eastman Kodak Company of the United States announced its sell-off and the closure of its marketing and photo-printing operations, even though the company had no manufacturing facilities in South Africa. Kodak also announced that its products would not be available to South African clients through any source. However, Kodak re-established its direct presence in South Africa in 1988 with the acquisition of Sterling Drug Inc., and Kodak products are still available in South Africa, although it is not clear how they get there.

Therefore, a shut-down of operations does not necessarily mean an end to future commitments to South Africa. Thirteen of the 32 companies disinvested in this manner maintain ongoing relations in one form or another with South Africa.

2. Reduction of direct investment

22. This method includes partial sale and dilution of shareholdings. Since both partial sales and dilutions imply a reduction rather than a termination of South African holdings, it follows that the existence of ongoing relations are an integral part of these withdrawals. Both methods also represent the early stages of what will eventually become a total disinvestment. This was the case with Hill Samuel, Standard Chartered PLC and Metal Box, which disinvested totally from South Africa pursuant to reducing their stakes in the beginning. A total of 31 companies so far are reported to have reduced their equity interests by this method in South Africa and Namibia, accounting for 2.5 per cent of the overall disinvestment. Of these, 15 companies were from the United Kingdom, 12 from the United States and one each from Austria, France, Netherlands and Switzerland. This method of disinvesting, either by partial sale or dilution through mergers with other companies, reduce their exposure in South Africa without actual withdrawal of capital, but it is difficult to ascertain the economic or political impact of these measures, which will be relatively less than other methods of full-scale withdrawal. In many instances, partial sales amount to nothing more than change of ownership, and the parent companies retain more or less the same hold on the financial and commercial markets.

3. Sale of an ongoing operation

23. As mentioned before, this method normally takes three forms: (a) sale to a third party; (b) sale to local management; (c) sale to a trust.

(a) Sale to a third party

24. This is the simplest method of withdrawing from South Africa. This method was adopted by 118 firms and accounted for 35 per cent of the 339 disinvestment operations identified by mid-1988. Some argue that the departure of one nation's corporations simply permits transnationals of other nations to replace them. Although 70 per cent of the United States companies that were sold to a third party were sold to South African companies, in 28 cases of sale the third party remains unknown.

25. Moreover, available information on disinvesting companies shows that all known sales to third-party buyers entailed ongoing relations, and two thirds of those companies had arrangements for ongoing non-equity ties. No doubt, there has been a general decline in the significance of foreign ownership of investment in South Africa. In other words, there has been much greater domestic control of capital and more managerial powers over business by South African nationals as South African investors have displaced foreigners. But some of these new investors either simply continue the business unchanged or adjust it to fit into the pattern of the old regime. What is more, some of those who have close alignment with government groups have been able to make sensitive and strategic acquisitions through the disinvestment process, thus

increasingly giving the government access to foreign technology in return for the easy acquisitions of business that were made possible to them. For example, Allied Technologies (Altech), which is a major firm in the telecommunications industry in South Africa and which has offices in the United States, the United Kingdom and Japan, depends vitally on those links to maintain its access to the latest telecommunication technology. Altech holds 55 per cent of shares both in the former ITT subsidiary, Standard Telephone and Cables, and in the former subsidiary of the United States electronics and radio group, Motorola, now called Alcom Systems. Among Altech's electronic and telecommunication goods, one product is famous: a high frequency two-way radio which is a favourite of the South African security forces. Altech's list of well-known customers include the South African Reserve Bank, the Council for Scientific and Industrial Research, the South African Transport Services, the Department of Foreign Affairs, and the Post Office. Similar to Altech are the resourceful mining-finance houses and national saving institutions in South Africa which have been intimately involved in such lucrative acquisitions. In short, some of these disinvesting multinationals have not entirely disappeared from South Africa; on the contrary, the former subsidiaries in reality remain firmly rooted on the spot through ingenious devices such as voluntary mergers and easy acquisitions.

(b) Sale to local management

26. This form of sale has been employed in 36 cases, or 11 per cent of the disinvestments reported for South Africa. The normal process of a management buy-out is for the new management to raise a loan from an investment bank, usually with the assistance of the parent company, and then to use it to purchase a controlling interest in the subsidiary. In South Africa, however, the practice has often been for the disinvesting companies themselves to carry out the task of raising funds and settling deals. The arrangement suits them since it allows business to be conducted as usual by a management team that they know and trust. The "ex-subsidiary" then pays royalties or licence fees for the use of the parents' technology and processes, in addition to the purchase price. A management buy-out team is more dependent on the parent company for technology, patents and supplies than would be a third-party buyer. This dependence is attractive as it offers better prospects of a long-term relationship with the new company based on the provisions covered in the agreements. The big disinvestments, including General Electric, General Motors and International Business Machines of the United States and the Rover Group of the United Kingdom, have involved sales to local management. General Motors was sold to its local management on terms which required an adjunction of R 100 million from the parent company, and the subsidiary was sold to local management under the direction of an American former executive of General Motors. It is widely assumed that the contract, none of the details of which are known, includes a buy-back clause which would allow the parent to return openly when circumstances permit.

(c) Sale to a trust

27. In a trust arrangement, the departing company transfers its assets to the specially created trust, which pays for these assets out of future company earnings. The often complicated and confidential nature of trusts facilitates the position of those corporations that seek to keep open the option of

re-entering the South African market. United States corporations that have utilized trust arrangements include Exxon, International Business Machines, Johnson Controls and the Ford Motor Company. The Swedish engineering group, Alfa Laval, announced in 1987 that it was transferring ownership of its South African subsidiary to a trust located outside South Africa. General Motors (United States) also combined disinvestment in a management buy-out and an employee trust when it decided to leave South Africa in 1986. Trusts are established in conjunction with management buy-out arrangements, and the terms of the trust give the parent corporation an option to buy back the company.

4. Non-equity links

28. Disinvestments by transnational companies do not necessarily mean an end to business ties with South Africa. The companies find new ways of doing business there which may even be more profitable. Non-equity links pursued by TNCs allow them to do business more profitably than before in South Africa through licensing agreements and contracts with local companies without the political implication of direct investment. This method is euphemistically known as the "Japanese model", since several Western nations which are disinvesting in South Africa are following a model that has been well tested by Japan. Japanese economic interests have been represented by their companies having sales and representative offices in South Africa as well as indirect ties such as leasing and distribution agreements. For example, Japanese automobile companies like Toyota, Mazda and Nissan franchise their production to South African manufacturers, who use Japanese-supplied parts and manufacturing technology to build vehicles. Computers, chemicals and electronics have become their new fields of interest in South Africa.

29. Licensing agreements have an additional advantage over other modes of business links with South Africa. They yield royalty and licence payments which can be remitted at the higher "commercial rand" rate, while the proceeds of disinvestment have to be deposited in "financial rand" accounts and can be remitted abroad only at the lower "financial rand" exchange rate. Moreover, non-equity arrangements often include supply contracts, and the former parent companies thus have guaranteed export outlets for parts and finished products. The most recent data (1988) on non-equity links by multinationals in South Africa show that 85 of the 207 companies disinvested have retained some form of non-equity ties with South African operations. In the case of United States firms, 47 out of 77 have kept this link; United Kingdom companies have maintained 10 out of 55; Germany (Federal Republic of) firms, 10 out of 17; French firms, 4 out of 11; Canadian firms, 3 out of 13. The products licensed range from computers and electronic equipment to petrochemicals, pharmaceuticals, communications technology and agribusiness products. Thus only a few TNCs are breaking all business ties with South Africa - a situation that is quite contrary to the impression given by statistics on disinvestments.

III. SOUTH AFRICAN ECONOMY: SANCTIONS AND REACTIONS

A. Structural weaknesses of the apartheid economy

30. Structural flaws in the South African economy have long made it dependent on foreign funds to finance economic growth, making it extremely vulnerable to economic sanctions. This heavy dependence on foreign financing stems from the inability of the South African economy to generate sufficient domestic savings for domestic reinvestment, as well as the tendency for the current account of the balance of payments to be in deficit during periods of economic growth. This is largely due to the apartheid system itself. The South African economy has been in decline for two decades, although this has been hidden by heavy foreign borrowings and occasional gold price boosts. Sanctions have only exacerbated this decline.

31. In the 1960s and 1970s, it became increasingly difficult for South Africa to meet its investment needs. Local savings declined with falling growth rates, increased unemployment and lower per capita incomes. An increasing tax burden and inflation have meant that white consumers could maintain their living standards only by reducing their savings. In the public sector as well savings have lagged far behind investment demands. In 1977, public sector investment accounted for some 30 per cent of gross domestic expenditure of which the public authorities could only finance 22.6 per cent from their own current surpluses. Between 1956 and 1983, the share of the public sector in total foreign liabilities has grown rapidly. The growing dependence of the Government and public corporations on foreign loans has greatly increased the vulnerability of the South African economy to international pressures.

32. South Africa's large public sector reflects a policy of allocating capital based on strategic importance to the survival of the apartheid system, rather than social or economic factors and this entails enormous waste. The armed services account for 20 per cent of the Government's annual budget and 5 per cent of GNP. Military and police spending was increased by 22 per cent in 1988 and by 25 per cent in 1989 to R14.9 billion. Altogether, public expenditures account for nearly 40 per cent of Gross Domestic Product, with the military, police and related activities taking the largest share and the public sector employs about a third of the country's workforce.

33. Domestic savings are not only declining, but have not been translated into domestic fixed investment. On the contrary, since 1960, the share of domestic fixed investment in GDP growth has steadily declined. Despite low interest rates, gross domestic fixed investment fell steeply by 31 per cent (in real terms) between 1981 and 1987, reflecting loss of business confidence. This drop has been steepest in manufacturing where productive investment has even failed to keep up with depreciation. The result has been shrinking capacity, reduced production, loss in international competitivity, and a further loss of unemployment. In the 1980s, unemployment soared to its present level of 25 per cent to 30 per cent. In practical economic terms, then, disinvestment by domestic and foreign companies alike had begun long before the public campaign for sanctions and disinvestment had any impact. As long as South Africa had ready access to foreign capital, however, it could mask these distortions in its savings and investment structure by borrowing more heavily abroad.

34. The underlying defect in the South African economy lies in its export structure. South Africa is heavily dependent on foreign trade which accounts for 60 per cent of annual GDP. Export earnings are derived from primary and semi-processed products: minerals account for over 80 per cent, gold alone for over 40 per cent. Indeed, apart from foreign borrowings, boosts in gold prices have been the major factor in helping South Africa maintain equilibrium in its balance of payments. By contrast, manufacturing has failed to be competitive on the world market. Because of small domestic markets and scarcity of skilled labour, results of a system that keeps the masses of blacks impoverished and uneducated, the manufacturing sector has not been able to attain economies of scale or accumulate domestic technological expertise.

35. This dependence on primary exports renders the South African economy vulnerable to changes in the economies of its major trading partners and to fluctuations in world prices. Moreover, declining productivity is also affecting South Africa's primary industries. It is difficult to see how South Africa's gold mining industry can compete with countries that have increased their market share by using new mining methods and low-cost technology.

36. South Africa has a very high propensity to import during periods of growth resulting in persistent current account deficits. The country has been extremely dependent on imports of capital goods, intermediate goods such as oil, as well as other strategic items like arms and chemicals that it cannot produce for itself. Moreover, white consumers tend to demand high quality imports. Growth is increasingly consumer-led, and an upswing in the economy is usually accompanied by an expansion of consumer credit and a rise in demand for imported goods.

37. Distortions in the apartheid economy are a part of the reason for this import dependence. There is a growing tendency to adopt capital-intensive modes of production because of the scarcity of skilled labour resulting from restrictions on education for non-whites, de facto prohibition of black workers in white jobs, and high wages for skilled jobs. Moreover, South Africa has failed to develop its own capital goods sector. Attempts to promote import-substitution have not decreased its dependence on imports; much of the local production in the electronics and automobile sectors, for instance, is limited to local assembly of imported components or to production under licence. A major obstacle to South Africa becoming a modern industrial nation is the apartheid system itself. Domestic markets are too small to finance research and development costs and skilled people are crucial to development of sophisticated high technology.

38. Because of this heavy dependence on imported capital and intermediate goods, an expansion in economic activity tends to increase the demand for imports and put pressure on the country's balance of payments. Previousy, South Africa would simply increase its foreign borrowings to offset current account deficits instead of slowing down the economy. Financial sanctions have deprived South Africa of this option, and also made it more difficult for the country to repay its existing indebtedness. Debt repayment now requires a surplus from trade, which of course is becoming much harder to earn. Sanctions, uncompetitiveness and volatile prices for primary exports

mean that South Africa cannot rely on expanding its exports. The authorities have been compelled to curtail imports tightening policy and slowing down the economy. In the last quarter of 1987 and 1988 it became apparent that it was impossible to create sustainable GDP growth in excess of about 2 per cent without exerting pressure on the current account. Estimates as to the rate of annual GDP growth needed to meet the rapidly growing black unemployment vary from a low 3.5 per cent-4 per cent to 6 per cent at the higher end of the range.

B. Measures undertaken by the Government of South Africa to counter sanctions

1. Debt moratorium and rescheduling

39. The fact that much of South Africa's borrowings had been in the form of short-term loans made it even more vulnerable to loss of international financial confidence. The Sharpeville killings of 1960 and the 1976 repression of the Soweto riots had caused a shift from medium- and long-term lending to short-term debt. In the face of international pressure against direct lending to the Pretoria regime, there was a shift to private interbank loans which helped disguise these transactions.

40. Political unrest following constitutional changes in 1983 and elections in 1984, repression and the declaration of the first state of emergency in July 1985, and subsequent pressures for sanctions, all contributed to substantial outflows of capital and cessation of loans to South Africa. International financial confidence had been considerably weakened. In mid-1985, South Africa faced a major financial crisis when the New York Times (31 July 1985) reported that Chase Manhattan had refused to roll over short-term credit or advance new credit, and other United States banks followed suit. The result of the 1985 crisis was to cut off South Africa from major capital markets and the cessation of all conventional lending.

41. In September 1985, to prevent a run on its foreign exchange reserves, the South African Government took two measures that were to play a key role in countering the impact of financial sanctions. First, the Government imposed a unilateral moratorium on the payment of the principal of short-term international debt falling due during the next four months, and subsequently extended this until the end of March 1986. Second, it reimposed the dual exchange rate system abandoned in 1983 which seeks to make capital placement in South Africa more attractive by increasing the cost of withdrawing it.

42. Anxious to restore normal relations with the international financial community and regain access to international financial markets, the South African Government also worked out three successive agreements with its creditors, in 1986, 1987 and 1989. In this way, South Africa sought to retain some of its funds and to buy time in which to re-establish the country's creditworthiness. The second and third agreements provided for "exit options" that would allow for the conversion of short-term frozen debt into long-term 10-year loans.

43. These various rescheduling arrangements, considerably eased the pressure on South Africa by providing it with a financial lifeline to meet its repayment obligations. Converting short-term debt into 10-year exit options, with lenient debt repayment terms circumvent financial sanctions by functioning as new loans, moreover. In the absence of these measures, capital outflows would have been even more substantial and larger surpluses on the current account of the balance of payments would have been required to offset deficits on the capital account (current account surpluses that South Africa experienced between 1985 and 1989 were heavily influenced by gold sales, although the price of gold was on the decline).

44. Debt rescheduling has not helped restore South Africa's creditworthiness, however, and the country has failed to attract new loans and investments. At the same time, compulsory debt repayments and interests have, in the absence of new capital inflows, drained the economy. The debt crisis re-emerged in 1988 when debt repayments, a rise in imports stimulated by a minor economic boom and a drop in gold prices all contributed to a rapid deterioration in South Africa's foreign reserve position to levels barely sufficient for two months' import cover. Despite the leniency of the second interim agreement the situation worsened by September 1989, with the country's foreign reserve down to only R48 million or 3.4 days of import cover.

2. Dual exchange rate system

45. As a further measure to relieve the 1985 debt crisis, the South African Government reintroduced the dual exchange rate system, which consists of a "commercial rand" and a "financial rand". The higher commercial rand rate is used for all transactions on the current account of the balance of payments, as well as for foreign loans. The low financial rand rate is used for transactions on the capital account, excluding loans. This is aimed at encouraging new direct investments and discouraging the repatriation by foreign companies of funds generated from disinvestment as well as outward investment by South African companies. The use of the financial rand for repatriation of disinvestment funds limits the drain on the country's foreign reserves. Drawing down foreign reserves would affect the country's capacity to meet its debt repayment obligations and to finance its essential imports.

46. Overall, the dual exchange rate system has had only a limited impact on capital inflow and outflow. Despite the expectations of the South African Government, restraints on repatriation appears to be discouraging rather than encouraging new direct investments. Moreover, disinvestors are cutting some of their losses by using non-equity links to repatriate licensing or franchise fees and royalties at the higher commercial rand rate.

3. Circumventing trade sanctions and obligatory counter-purchase

47. In the absence of capital inflows, South Africa has been forced to generate surpluses in the current account of its balance of trade to offset its debt repayments. In order to circumvent trade sanctions, the South African Government has sought in various ways to encourage avoidance, counter-trade and sanctions-busting. It has set up a special Secretariat for Unconventional Trade to establish sanctions-busting networks and provide

advice to importers and exporters. The Private Sector Export Advisory Committee encourages private capital to engage in sanctions-busting activities. For instance, foreign companies eager to sell technology to South Africa or buy strategic minerals from South Africa are asked to buy South African exports or supply strategic imports such as oil and arms. Trade will largely take place through a third country in order to disguise its origins. The South African Government also facilitates "unconventional" trade by concealing information on foreign trade and shipping traffic. It is illegal to divulge information on matters related to oil, uranium and nuclear technology.

48. Circumventing trade sanctions necessarily entail enormous costs, chiefly by increasing the number of middle-men and setting up of front companies or other links abroad. The costs of maintaining the infrastructure needed for this conduit trade must be borne partially by the South African Government. Unconventional trade also entails paying a premium for imports and selling exports at a discount. The Commonwealth report on sanctions points out that, while the oil embargo failed to cut off South Africa's supplies of oil, it nevertheless succeeded in imposing an "apartheid tax" on each litre of fuel used by South Africans. The costs of sanctions have forced the regime to invest in accumulating "strategic" stockpiles. From January-April 1986, for instance, R2.6 million went to pay for "unclassified imports". This is a further drain on the financial resources of the economy.

4. Structural adjustment

49. The South African Government has turned to structural adjustment as a longer-term measure to liberate domestic resources for debt repayment. That is, it has sought a growth path that would not make demands on the country's scarce capital resources, and on imports. Measures include deregulation of the formal sector (as part of a broader strategy of "inward industrialization"), import substitution and privatization of public enterprises and corporations, including parts of public utilities.

50. A strong lobby among economists and politicians in South Africa has argued that sanctions will help South Africa become more self-sufficient through import-substitution and inward industrialization. Domestic markets are too small to sustain growth, however. Efforts by South Africa in the past decade to become self-sufficient have not decreased the country's dependence on imports. South Africa's industry demands high technology inputs that cannot be produced domestically, and a highly skilled labour force, which is limited by apartheid.

51. South Africa has none the less invested heavily in the domestic production of "strategic" items such as synthetic fuel, armaments, computers, chemicals and automobiles, all of which are heavily dependent on imports. Small domestic markets and spending on costly imports of capital and intermediate goods have made these projects highly cost-inefficient. Massive Government subsidies have been necessary to sustain projects like the SASOL oil-from-coal conversion plants and the Mossel Bay fuel-from-gas project designed to meet only 20 per cent-25 per cent and 10 per cent of South Africa's crude oil imports, respectively. South Africa is heavily dependent on foreign technology for both the exploration and manufacture of liquid fuels. It has

been estimated that liquid fuels produced by SASOL would cost at least three times as much as oil bought on the international market. According to international experts, the Mossel Bay project will produce only about 25,000 barrels of fuel a day for the cost of R5,500 million, while a similar project overseas could be built to produce four times as much for only R100 million.

52. The South African Government's programme of structural reform also includes privatization of public enterprises and corporations. The proceeds from privatization are supposed to be spent on retiring public debt and developing infrastructure and small businesses. Part of it is to go to pay for the Government's "repressive reform" policy. This aims to coopt a small group of urban blacks in certain key townships through township-upgrading schemes with new houses, water and electricity, while at the same time increasing repression to silence the majority. Some observers believe that privatization is aimed at counteracting those sanctions which have been directed mainly against the Government and Government-owned bodies, however. Still others see in it a pre-emptive effort to keep economic control in white hands in the event of a shift in political control to the black majority. With the parastatals in the hands of a white-controlled private sector, the political and economic leverage of any incoming government will be significantly reduced.

53. The various reform proposals are severely constrained by the apartheid system itself. Internationally, sanctions will make access to markets a continuing problem; internally, apartheid will mean small domestic markets and scarcity of skilled labour.

C. Shortcomings in the measures adopted by foreign Governments

54. Responses of the South African Government to economic sanctions have revealed some of the loopholes and shortcomings in the measures currently in force, such as: failure to adopt comprehensive mandatory sanctions because of opposition in the United Nations Security Council; limitations in the scope and narrowness in the interpretation of sanctions; and inadequate enforcement, monitoring and coordinating mechanisms.

55. With regard to trade, South Africa has been able to evade sanctions by diverting imports and exports through third countries and offshore facilities such as free ports and free-trade zones. In the conduit countries, various techniques are used to disguise the South African origin of the product. They include practices such as false labelling, acquiring false certificates of origin and transformation as in the case of coal channelled to Europe through Rotterdam and Antwerp. These often go without detection because of low priority given to enforcement and monitoring.

56. Sanctions have also been undermined by third countries taking advantage of sanctions imposed by other States. As the United States, Nordic and some Commonwealth countries have reduced their trade with South Africa, some countries in the Far East and Europe are increasing theirs. The Commonwealth report, however, warns against overemphasizing sanctions-busting and diversion of trade. Between 1985 and 1989, the increases in trade by South Africa's traditional trading partners such as West Germany, Japan, Taiwan and Spain have been much larger than trade with new partners.

57. The use of narrow definitions also restricts the range of products that bans are supposed to cover. For instance, "iron and steel" is usually interpreted as excluding iron ore and ferro-alloys, both of which are major South African exports. Japan bans the import of South African iron and steel but imports large quantities of iron ore. The United States continues to import South African uranium hexafluoride which it considers as falling outside its ban on "uranium ore and oxide".

58. Barter, counter-trade and joint marketing are on the rise as companies and the Government of South Africa take advantage of loopholes in regulations that do not prevent locally registered companies from trading in sanctioned goods in third countries or on the high seas. Sanctions-busting is also a result of the expansion of South African investment abroad (see Annex). Europe is the main destination, with 34.8 per cent going to EEC countries and 3.2 per cent to "other" European countries mainly Switzerland. Outward investment influences key markets for South African goods and improves access to new technologies, essential commodities and finance, all of which are of strategic importance to the survival of the apartheid regime. The Commonwealth agreement of August 1986 refers only to majority-owned South African companies and to those based in South Africa. Luxembourg and Switzerland have been chosen by large South African conglomerates because they do not impose sanctions and because their legislation allow for secrecy with regard to corporate activities.

59. As regards foreign direct investment, most bans apply only to new direct investments and, with the exception of Nordic countries, exclude "non-equity" links. As a result, foreign companies can continue doing business with South Africa simply by shifting from earning profits directly to earning them indirectly. In fact, in some cases disinvestment has enabled companies to expand their markets in South Africa. The ban on new loans and credits to South Africa has been the most effective form of pressure on the apartheid regime. Nevertheless, South Africa has been able to extend itself a financial lifeline by exploiting loopholes in sanctions legislation. Rescheduling and the conversion of short- and medium-term debt into long-term loans may not be considered as "new loans" but they function as such. Loans, moreover, continue to be available for South African companies registered abroad. This loophole is likely to be increasingly exploited by South Africa to improve access to foreign borrowings.

60. The exclusion of trade credits from the 1985 moratorium and most sanctions legislation has made this virtually the only source of new foreign financing for South Africa and of crucial importance to its financial survival. The availability of trade credits, primarily suppliers' credits, for financing exports to South Africa have increased after mid-1986. These include official trade credits, guarantees and insurance, as well as off-balance-sheet support such as gold swaps and gold loans provided by Swiss banks. A recent report of the Centre against Apartheid indicates that some 30 per cent of South Africa's trade is currently backed by foreign Governments through their official export credit agencies, of which the biggest insurers are the United Kingdom and Japan.

61. Trade figures for the period 1986-1988 show that there has been a marked increase in exports to South Africa from the wealthiest countries: 72 per cent increase for the Federal Republic of Germany (qualified by the rise in the DM vis-à-vis the dollar which, in United States currency, overvalues the amount of exports paid for in marks), 50 per cent for Japan (qualified in the same way), 54 per cent for Britain, 41 per cent for the United States and 44 per cent for France. Payment for these exports would only have been possible if South Africa's major trading partners had provided guaranteed exports credits.

62. Overall, the sanctions measures adopted, particularly by South Africa's major trading partners, are far from satisfactory. Their impact has been greatly reduced by their failure to restrict imports of strategic mineral and by keeping certain channels open for technology transfer and credit.

IV. SOURCES USED FOR THE REPORT

63. The present report updates the reports submitted to the Sub-Commission at its fortieth (E/CN.4/Sub.2/1988/6 and Add.1), forty-first (E/CN.4/Sub.2/1989/9 and Corr.1 and Add.1) and forty-second sessions (E/CN.4/Sub.2/1990/13 and Add.1). The updated report continues to be based on information and material obtained from various sources consulted since the completion of the previous report and received by the Special Rapporteur before 1 July 1991.

64. Among various sources consulted, most of which were obtained in reply to the request for appropriate material addressed, in conformity with General Assembly resolution 45/84, to Governments, United Nations organs and bodies, specialized agencies, other intergovernmental organizations and non-governmental organizations, the documents listed below have been retained as new sources for the updated list.

Title of document	Source No.
United Nations Economic and Social Council Commission on Transnational Corporations Second Public Hearings on the Activities of Transnational Corporations in South Africa and Namibia. Geneva, 4-6 September 1989	ST/CTC/102
List of transnational corporations with investments and disinvestments in South Africa	ST/CTC/115
Report of the United Nations Centre on Transnational Corporations	E/CN.10/1991/10 E/CN.10/1991/11
United Nations General Assembly Forty-fourth session Report of the Special Committee against Apartheid	A/45/22
United Nations Report of the Intergovernmental Group to Monitor the Supply and Shipping of Oil and Petroleum Products to South Africa	A/45/43
United Nations Report of international financial pressure on the apartheid economy of South Africa	A/45/539
United Nations Report on measures to monitor sanctions against South Africa undertaken by the United Nations system, Governments and non-governmental organizations	A/45/670
Progress report by the Secretary-General on the implementation of the Declaration on Apartheid and its Destructive Consequences in Southern Africa	A/44/960 and Add.1-3
Letters received from Governments	
Denmark (31 January 1991)	

V. COMMENTS RECEIVED BY THE SPECIAL RAPPORTEUR

65. In accordance with General Assembly resolution 45/84, the Secretary-General sent a note verbale dated 8 January 1991 to Governments and, on the same date, a letter to the United Nations organs, specialized agencies, intergovernmental and non-governmental organizations concerned, asking them for appropriate material which could be used in updating the list.

A. Comments received from Governments

66. As at 1 July 1991, replies had been received from the following Governments: Barbados, Brunei Darussalam, Cuba, Denmark, Pakistan, Syrian Arab Republic and Tunisia. A summary of substantive replies is reproduced below. The full text of these replies are available for consultation in the Secretariat.

BARBADOS

[27 February 1991]
[Original: English]

1. Barbados has had no economic, political, cultural and other ties with South Africa since 1965.

2. Subsequent to the publication of the Special Rapporteur's 1990 report in which a South African company, A.R.C. Estates Limited, was listed as operating in Barbados, a prompt investigation was undertaken by the Government. The results of the investigation are the following:

(a) No direct South African connection was made with the company, which appears to have had links with the United Kingdom;

(b) No activity has been recorded by the company in Barbados, and in fact steps had been initiated to strike it off the Barbados Company Register in 1984, due to its inactivity;

(c) The company is a private company and there has been absolutely no government involvement with it;

(d) Action is now being finalized to have the company struck off the Barbados Company Register.

The Government of Barbados intends to adhere to its policy of maintaining no official contact with the racist regime of South Africa.

BRUNEI DARUSSALAM

[2 April 1991]
[Original: English]

1. The Government of Brunei Darussalam reported that it had not established any relations with the South African regime, either bilaterally or multilaterally.

2. Furthermore, Brunei Darussalam does not have any trade or commercial link with South Africa and supports the international community and efforts to end apartheid by imposing economic sanctions on the regime, including the United Nations oil embargo.

3. The Government reiterated its full support for the United Nations oil embargo against South Africa and stated that the Brunei Shell Petroleum Company Sendiriary Berhad has at all times strictly complied with the Government's policy of an embargo on deliveries to South Africa and has imposed destination restrictions in its contracts for the sale of oil. These destination restrictions have been, and continue to be, accepted by all its customers.

4. In addition, the Government stated that investigations have not produced evidence that crude oil from Brunei Darussalam has in fact reached South Africa. Brunei Darussalam oil which may have reached South Africa could only have done so in defiance of that policy and in breach of contractual obligations which have been imposed by Brunei Shell Petroleum's customers and their subsequent purchasers. Contracts for the sale of Brunei Darussalam's oil contain an "Ultimate Destination Clause" which clearly emphasizes the conditions of sale.

CUBA

[March 1991]
[Original: Spanish]

1. The Republic of Cuba has stated in all international fora that it does not support the South African regime.

2. Cuba does not maintain diplomatic, consular, commerical or any other type of link with the South African Government. It condemns the application of the apartheid policy and also rejects the position of those countries and entities which, despite the actions of the international community, through their links with the South African Government contribute to the continuation of these adverse practices.

3. The Cuban Government attaches great importance to the continuation of sanctions until the complete dismantlement of the apartheid system in conformity the Declaration on Apartheid and its Destructive Consequences in Southern Africa, adopted by the General Assembly in resolution S-16/1 of 14 December 1989. It calls on the Special Rapporteur to bring to the attention of Governments those national finanancial institutions which continue to cooperate with the South African regime.

DENMARK

[31 January 1991]
[Original: English]

The Government of Denmark informed the Special Rapporteur that it did not possess any information indicating that the Danish enterprises listed in the

Special Rapporteur's report for 1990 (document E/CN.4/Sub.2/1990/13 and Add.1) had ceased dealing with South Africa or any information indicating that other Danish enterprises than the ones listed in the said document were currently dealing with South Africa. The updated report for 1991 should thus only include the enterprises listed in document E/CN.4/Sub.2/1990/13 and Add.1.

PAKISTAN

[7 February 1991]
[Original: English]

1. In compliance with the resolutions/recommendations of the General Assembly and the Security Council, Pakistan is faithfully implementing the arms embargo against South Africa, has imposed a total diplomatic, political, economic, shipping and air boycott of South Africa and does not maintain any sports, cultural or other contacts with South Africa.

2. Pakistan does not grant landing and passage facilities to South African aircraft and has closed Pakistani ports for use by the vessels flying the South African flag.

3. No Pakistani transnational corporation is operating in South Africa, nor have any investments been made by a Pakistani transnational corporation in South Africa as this has been prohibited by Government order.

SYRIAN ARAB REPUBLIC

[2 April 1991]
[Original: Arabic]

The Syrian Arab Republic is a member of the Special Committee against Apartheid and a party to the International Convention on the Elimination of All Forms of Racial Discrimination and the International Convention on the Suppression and Punishment of the Crime of Apartheid. It supports, and is committed to the implementation of, all the United Nations resolutions concerning racial discrimination. The Syrian Arab Republic maintains no relations with the Government of South Africa and does not engage in any form of trade or cooperation with it. In fact, our country is participating in the international endeavours that are being made with a view to totally eradicating that regime, putting an end to all forms of cooperation with South Africa and prohibiting the granting of any loans to South Africa or the placement of any investments therein, in addition to securing the severance of trade relations with that regime and the imposition of an embargo on the export of petroleum products and other basic strategic commodities to South Africa. The Syrian Arab Republic also fully supports the repeated international appeals for the immediate and unconditional cessation of all forms of military, and particularly nuclear, cooperation between the regimes at Tel Aviv and Pretoria in view of the serious adverse consequences of such cooperation for the enjoyment by the indigenous population of its natural right to life.

TUNISIA

[26 March 1991]
[Original: Arabic]

The Tunisian Government follows the policy established by the General Assembly to bring an end to apartheid and therefore has no diplomatic or economic relations with South Africa. Banks and financial institutions do not have any contacts with the South African regime.

B. Comments received from United Nations organs and specialized agencies 1/

67. The United Nations Centre against Apartheid transmitted a copy of the 1990 report of the Special Committe against Apartheid (A/45/22), the report of the Secretary-General on policies of apartheid of the Government of South Africa (A/45/539) (international financial pressure on the apartheid economy of South Africa), and the report on measures to monitor sanctions against South Africa undertaken by the United Nations system, Governments and non-governmental organizations (A/45/670).

68. The United Nations Centre on Transnational Corporations transmitted copies of the reports prepared by it for the Public Hearings on the Activities of Transnational Corporations in South Africa and Namibia, held in September 1989 (ST/CTC/102, vol. I, II) and the reports for the Commission on Transnational Corporations session in April 1991 (E/C.10/1991/10, E/CN.10/1991/11).

69. In addition, it submitted a list of companies with investments and disinvestments in 1990 (ST/CTC/115).

70. The United Nations Office in Vienna submitted a report on Women and Children Living under Apartheid (E/CN.6/1991/8).

71. The Secretary-General submitted a progress report on the Implementation of the Declaration on Apartheid and its Destructive Consequences in Southern Africa (A/44/960 and Add.1-3).

72. The Special Rapporteur received a copy of the report of the Intergovernmental Group to Monitor the Supply and Shipping of Oil and Petroleum Products to South Africa (A/45/43).

1/ The full texts of these replies are available for consultation in the Secretariat's files.

73. Replies were also received from the United Nations Department for Technical Cooperation and Development (7 March 1991), the World Health Organization (6 March 1991) and the World Food Council (3 April 1991).

C. Other replies 1/

74. Replies were also received from the following:

Non-governmental organizations

- Inter-Parliamentary Union

1/ The text of this communication is available for consultation in the Secretariat's file.

VI. STRUCTURE AND CONTENTS OF THE UPDATED LIST

A. Guide to the updated comprehensive list

75. The updated comprehensive list (contained in Add.1 to the present document) presents names of transnational corporations, banks, insurance companies, firms, and other enterprises giving, either directly or indirectly, military, economic, financial and other assistance to the racist and colonialist regime of South Africa. The list was updated on the basis of material and information examined by the Special Rapporteur since the completion of the previous reports (E/CN.4/Sub.2/1988/6/Add.1, E/CN.4/Sub.2/1989/9/Add.1 and E/CN.4/Sub.2/1990/13 and Add.1). One annex is attached to the updated list, containing names which have been deleted from the list according to information available to the Special Rapporteur or brought to his attention indicating that economic and other activities with and in South Africa have been discontinued.

76. In view of recent attainment of independence by Namibia, the names of all banks, companies and other institutions giving assistance to Namibia only, as contained in previous reports, had been deleted from the list. Also deleted were all references to Namibia in the column indicating the recipient of assistance (see para. 77 below).

77. In addendum 1 a country-by-country list is provided. The list is alphabetized according to the nationality of each bank, company or firm cited. Following the code of the country, the name of the bank or company involved is mentioned. The third column indicates the type of entity involved, which may be a firm, bank, financial institution or insurance company. The fourth column refers to the type of assistance provided which, depending on the case, has been classified as economic, military, financial, nuclear or a combination of a number of these categories. The last column on the right indicates the recipient of assistance (see also para. 76 above).

78. In the second line of each entry, reference is made to the source in which the information was found, followed by the relevant page, paragraph or appendix.

79. This report is available in all official United Nations languages. In view of the fact that the updated comprehensive list (Add.1 of the present report) is prepared with the assistance of computer facilities, it is only available in English.

B. List of symbols and abbreviations

80. In order to facilitate the reading and comprehension of the list, a key to all abbreviations used is provided below:

1. Countries and territories*

AUS	Australia
AUT	Austria
BEL	Belgium
BHS	Bahamas
BRA	Brazil
CAN	Canada
CHE	Switzerland
DEU	Germany, Federal Republic of
DNK	Denmark
ESP	Spain
FIN	Finland
FRA	France
GBR	United Kingdom
GRC	Greece
HKG	Hong Kong
HSE	Holy See
ISR	Israel
ITA	Italy
JPN	Japan
LIE	Liechtenstein
LUX	Luxembourg
MCO	Monaco
MYS	Malaysia
NLD	Netherlands
NOR	Norway
PRT	Portugal
SWE	Sweden
TAI	Taiwan, Province of China
USA	United States of America

2. Other symbols and abbreviations

B	=	Bank/insurance company/financial institution
E	=	Economic (assistance)
F	=	Firm
Fi	=	Financial (assistance)
M	=	Military (assistance)
NI	=	Not identified
N	=	Nuclear (assistance)
SA	=	South Africa

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* The codes for the representation of names of countries are in conformity with the Alpha 3 codes of the alphabetical list of entities and codes in English contained in section one of Codes for the representation of names of countries, second edition - 1981-05-15, International Organization for Standardization, International Standard, ISO 3166.